

# EXCLUSIVE: On Heels of Diebold/Premier Purchase, Canadian eVoting Firm Dominion Also Acquires Sequoia, Lies About Chavez Ties in Announcement

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'Intellectual Property' of voting systems still owned by firm linked to Venezuelan President, despite press statement to the contrary

PLUS: The election official/e-voting company revolving 'oversight' door continues to turn...

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Canadian-based Dominion Voting Systems has quietly announced its second acquisition of a major U.S. voting machine company in as many months and, right out of the gate, they've lied about it. Not an auspicious beginning for the company which may now, virtually overnight, have become the dominant private e-voting machine company in this country.

In our recent [breaking coverage detailing the SEC's fraud lawsuits](#) filed against Diebold and a number of their top executives -- including their [former Chief Financial Officer](#) who, as [we reported exclusively back in 2007](#), was the top earner from an apparent insider sell-off at the company just days before its stock would plummet from its all-time high on the announcement of spinning off their troubled election division to a ["new" company renamed Premier](#) -- we noted that Diebold/Premier's assets had recently been purchased by a small Canadian firm by the name of Dominion Voting. But Dominion hasn't stopped there.

Their purchase of Diebold/Premier's assets was actually made from ES&S, the world's largest voting machine company, who was [forced to divest of the](#) assets they'd purchased from Diebold (previously, the second largest voting

trust suit settlement with the DOJ.

In our coverage, we noted the comment of Dominion CEO John Poulos who, in the [company's press release \[PDF\]](#) announcing the Diebold/Premier asset acquisition, stated ominously: "We are extremely pleased to conclude this transaction, which...will allow Dominion to expand its capabilities and operational footprint to every corner of the United States."

Indeed, the DoJ-scuttled ES&S merger with Diebold/Premier had been legally challenged since, among other reasons, the merger of the largest e-voting company with the country's second largest would have given a single company control of at least 70% of all votes cast in the nation.



What we had replaced for length, however, with the ellipses in Poulos' quote above, was this [emphasis added]: "We are extremely pleased to conclude this transaction, which will restore much-needed competition to the American voting systems market and will allow Dominion to expand its capabilities and operational footprint to every corner of the United States."

How much is Poulos actually interested in "restor[ing] much-needed competition" for "the American voting systems market"? Apparently not so much, as according to a [company press release \[PDF\]](#) quietly issued late in the afternoon on Friday, June 4th, Dominion has now also acquired what had previously been the third largest voting machine company in the U.S., Sequoia Voting Systems.

about competition.

Worse, as [The BRAD BLOG](#) has confirmed, the new press release from Dominion simply lied about what the company has and hasn't purchased from Sequoia, a company which had lied themselves, for years, about the real ownership of its proprietary voting systems.




#### America's New E-Voting Goliath

Given the enormous share of the U.S. voting "market" now potentially controlled by Dominion -- and the now-customary revolving door between public and private officials in the "election industry" which now places former Diebold/Premier officials, former Sequoia officials, and even former state election officials at the helm of the private, little-known Canadian firm -- it comes as no surprise that Dominion would hope few in the public actually noticed their sudden acquisition of e-voting assets from some 50% of the U.S. "voting market".

Prior to ES&S' doomed purchase of Diebold/Premier last September, there were essentially four major election firms divvying up ownership of the U.S. voting market. The very rough breakdown of voting jurisdiction control by those four corporations was as follows:

- 40% ES&S
- 30% Diebold/Premier
- 20% Sequoia



## Stemmen voor de Tweede Kamerverkiezing

Meer informatie

Following Dominion's May acquisition of Diebold/Premier's assets from ES&S and their subsequent purchase of the entirety of Sequoia Voting Systems announced June 4th, the very rough private ownership of public elections in the U.S. may now stack up as follows:

- 50% Dominion (Diebold/Premier, Sequoia)
- 40% ES&S
- 10% Hart Intercivic

We're using "very rough" percentages above for a number of reasons. Among them, there are different ways to determine market share here, such as number of jurisdictions vs. number of voters vs. contract worth, etc. Also, many of Diebold's former customers had already determined to move their contracts to ES&S during the long interim while the DoJ dithered following ES&S' initial, now-scuttled, acquisition of Diebold/Premier.

As one e-voting industry insider explained to [The BRAD BLOG](#), Dominion purchased the remaining hardware and software assets and potential customer base of Diebold/Premier, but they purchased the actual customer contracts, as well as the hardware and software, in their acquisition of Sequoia.



Dominion's spokesperson, formerly of Diebold, formerly the Press Secretary for the Secretary of State of Georgia, the unfortunately named (at least for a voting-machine company spokesman) Chris Riggall, confirmed the insider's take to [The BRAD BLOG](#), responding to our queries by noting Dominion "did not purchase any existing contracts, thus market share," in their agreement to buy the Diebold/Premier assets.

"Under the agreement," Riggall explained via email, "jurisdictions operating Premier equipment are given the choice to either continue their existing relationship with ES&S or assign their old contract to Dominion. It's going to take some time to see how that plays out and what decisions jurisdictions make in regard to their future needs (if any) for support, maintenance, warranties, etc."

But no matter how the numbers eventually shake out, Dominion is now a serious power-playing Goliath in the U.S. e-voting industry, and potentially even the biggest kid on the block -- all in a matter of weeks, with virtually nobody in the public or media paying attention, and even fewer seeming to give a damn about what it all means, and what it all actually amounts to.

Little wonder their press release on the Sequoia purchase mentioned nothing at all about "competition", just two weeks and change after touting the "restor[ation of] much-needed competition to the American voting systems market" after they'd purchased the assets of Diebold/Premier for \$5 million.

elections in the world's once-greatest democracy.

But wait -- the story gets still worse...

Whose IP Is It Anyway?

There are a few more points concerning Dominion's purchase of Sequoia worth flagging here for now. The first, and perhaps most disturbing, concerns the following announcement in Dominion's press release upon the purchase of Sequoia [emphasis added]:

*As part of the transaction, Dominion has acquired Sequoia's inventory and all intellectual property, including software, firmware and hardware, for Sequoia's precinct and central count optical scan and DRE voting solutions, including BPS, WinEDS, Edge, Edge2, Advantage, Insight, InsightPlus and 400C systems.*

That statement is an out-and-out lie -- one which continues to propagate a years-long deception of the public, the media and election officials by Sequoia themselves.

As long time readers of [The BRAD BLOG](#) will recall, the matter of the true ownership of the intellectual property (IP) of Sequoia's voting systems wasn't at all what the company had represented to the public, to media, to election

story of [Hart InterCivic's quietly attempted hostile takeover of Sequoia](#), we revealed the fact that -- despite [representations to the contrary](#), possibly even to U.S. government investigators -- the IP for the vast-majority/near-entirety of Sequoia's voting systems was actually secretly owned by the Hugo Chavez-tied, Venezuelan-based firm, Smartmatic.

The continuing control of the IP was discovered by [The BRAD BLOG](#) long after the (largely) Rightwing outrage which had forced a federal investigation into Smartmatic's control over American elections had died down. The initial concern had coming following revelations that Smartmatic seemed to be directly tied to the Venezuelan President Chavez. Angry sentiment led by CNN's Lou Dobbs and some members of Congress (including NY's Democratic Rep. Carolyn Maloney) led to an investigation by the federal Committee on Foreign Investment in the United States (CFIUS), subsequently forcing Smartmatic to divest of Sequoia. Sequoia was then supposedly purchased away from Smartmatic by a team of its U.S. executives, in order to make it fully independent from the Chavez-tied parent company.

But that divestiture was a lie.

Sequoia hadn't publicly disclosed that Smartmatic still retained legal ownership of the IP used in all of their voting machines, a fact that wasn't publicly revealed until our exposé which forced a subsequent admission by Sequoia's then CEO and President Jack Blaine. Blaine admitted -- in what he thought was a "confidential" company-wide conference call convened to

from Smartmatic in their deal.

We [subsequently detailed](#) how Blaine had utterly dissembled on that point, in writing, while under very specific questioning about it from one of Sequoia's largest clients, the City of Chicago and Cook County, Illinois.

So who now owns the IP for Sequoia's voting machines used in some 20% of the U.S.? If you believe Dominion's press release, which states "Dominion has acquired Sequoia's inventory and all intellectual property", that would be Dominion.

But that is simply not true.

Dominion's Riggall admitted directly in a follow-up reply email to [The BRAD BLOG](#), after we'd sent a direct query on this point [emphasis his]: "Smartmatic IP was not included in the Sequoia transaction, since Sequoia did not own it."

Despite Dominion's asserted belief in "transparency" (the front page of [their website](#) boasts "Welcome Transparency", and their announcement of the purchase of Diebold/Premier cites "Dominion's culture of transparency"), Riggall was unable to share the company's two purchase agreements with us due to "non-disclosure provisions in both" of them. "Legally," he wrote, "neither can be shared."



Nonetheless, the answer is clear: Venezuela's Hugo Chavez is still tied to a huge percentage of U.S. Elections, as now overseen by a Canadian firm.

When we asked Riggall for the company's explanation for their misleading press release announcing that the Sequoia transaction included "all intellectual property" when it actually didn't, he offered this [Hoytian](#) response:

*The Smartmatic IP is Smartmatic IP. Sequoia did not own it, and thus it was not part of the transaction. Dominion purchased all of the IP that Sequoia owned. That's what was reflected in the news release.*

According to the Dominion press release, if the rest of it can be believed, the Sequoia purchase was "reviewed by the U. S. Department of Justice and nine state attorneys general," and "also reviewed in detail and received approval by the Committee of Foreign Investment in the United States (CFIUS)."

of U.S. elections.

Were the DoJ or any of those "nine state attorneys general" made aware of Smartmatic's continuing ownership of the IP? Do any of the "26 million U. S. voters, including the City of Chicago and Cook County, Illinois, the State of Louisiana, the State of Nevada and the majority of counties in California," who use Sequoia's systems, according to the Dominion announcement, know about it? Do they even care? How about the folks on the Right who were so outraged before?

Deafening silence continues on all fronts.

Two inquiries to Riggall, on whether CFIUS, DoJ or the nine state attorneys general were informed of Smartmatic's continuing ownership of Dominion/Sequoia's IP were sent. Neither was answered. The last query was sent on June 12th (we had to hold publication of this story as [South Carolina U.S. Senate Primary E-Vote Mystery](#) broke two weeks ago), and neither Riggall nor anyone else from Dominion has bothered to answer the simple question.

#### The Revolving 'Election Industry' Door

One last point worth noting, for now, on all of this. The appalling revolving door of U.S. electoral control and administration continues to spin, along with the compromise of federal and localized oversight.

spewing into the American election system, neither has the U.S. public.

When we had questions about Dominion's acquisition of Sequoia, we called the contact phone number given "for information", as offered on their press releases.

Happy to find we wouldn't be charged for an international call to Canada, we wondered why the number had a 404 area code in Atlanta, GA. When we called it, we found out as we reached Riggall's answering machine. With the exception of the very important point about whether Dominion had informed CFIUS, the U.S. DoJ and the nine state attorneys general about the true IP ownership of their voting systems, Riggall was very helpful and quick to respond.

However, as mentioned, Riggall had formerly served as press rep for Diebold and, prior to that, as the Press Secretary to GA's Democratic Sec. of State Cathy Cox until she left the post. In 2002, long before she left office following an unsuccessful primary bid for her party's Gubernatorial nomination in 2006, Cox infamously brought Diebold's horrendous touch-screen voting system to the entire state of Georgia. The Peach State, along with Maryland, was the first to adopt state-wide use of Diebold's infamous, oft-failed, easily-manipulated, 100% unverifiable touch-screen voting systems. Chicanery with the systems has been the subject of much controversy -- fueled in part by a company whistleblower, as [detailed by Bobby Kennedy Jr. at Rolling Stone](#) in 2006 -- in regard to the declared upset victory of

systems, to grace the cover of Diebold's sales brochure, as seen below, to help the company sell more easily-hacked, often-failed, always-unverifiable e-voting systems to an unsuspecting, uninformed nation...

Surprisingly, Cox does not now work for a voting machine company now (she is [President of Young Harris College](#) in Georgia), as so many other election officials do so immediately upon leaving office -- the most recent being PA's Sec. of State Pedro Cortes who suddenly [resigned a few weeks ago](#) to become Executive Vice President at the ironically-named Internet voting company Everyone Counts. That company already boasts the name of Chief Operating Officer Paul DeGregorio, who took the job upon leaving his post as George W. Bush's Chairman of the U.S. Election Assistance Commission (EAC). As [The BRAD BLOG reported in 2009](#), DeGregorio immediately used his former position as "America's Chief election official" in a cheesy video sales pitch for the firm, to help push their insecure and un-overseeable Internet Voting scheme to a still-unsuspecting, and still dreadfully under-informed American public.

Meanwhile, last year Dominion had already hired away Sequoia's VP Edwin Smith. Readers of [The BRAD BLOG](#) may remember the woeful Smith as the one who'd first [sent threat letters to Princeton computer scientists](#), promising legal action if they independently reviewed Sequoia's voting machines after the systems had been found to have miscounted in a New Jersey election. He then upped the public blunder by hiring his own buddy and long-time Sequoia contractor/bag-man to carry out an "independent, third party" review

was subsequently revealed by [THE BRAD BLOG](#) to have had a, um, somewhat unsavory (if very amusing) background. After we revealed all of the chicanery, the hire was fired and Smith was disciplined by the company. But apparently he's still welcome at Dominion, now one of the largest e-voting firms in the U.S. (and maybe even in Venezuela!)

And even more shamefully, last December Smith was even be welcomed onto the U.S. Election Assistance Commission! As [we reported late last year](#), Smith, now "VP of Compliance and Certification" for Dominion, was disgracefully appointed to the EAC's "Technical Guidelines Development Committee" as one of their new "Technical and Scientific Experts". As we wrote at the time: "This would be the equivalent of appointing the sitting Vice President of Exxon Mobil to an EPA advisory committee."

What could possibly go wrong?

As we explained: "So Smith went from voting machine company Hart Intercivic to voting machine company Sequoia Voting Systems and is now at voting machine company Dominion Voting Systems, where he is a VP, selling e-voting systems to jurisdictions around the country that receive federal money doled out by the EAC. And now he'll also sit on an advisory board at the EAC helping to advise which one of those companies sees their systems certified for use in U.S. elections by the EAC. Just amazing."

Now, of course, Smith's power is even more concentrated as his new firm

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